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SUBJECT: NEW SRI LANKAN RECONSTRUCTION AND DEVELOPMENT

AGENCY PRIORITIES: FIRST - FIGURE OUT WHO SITS WHERE

1. (SBU) Summary: Ambassador met with the newly formed Sri Lankan Reconstruction and Development Agency's newly appointed Chairman, Tiran Alles, and COO, Saliya Wickramasuriya, on December 5. While neither offered significant insight into the operations of this new entity, which will absorb the duties currently held by the country's tsunami and conflict-related agencies and task forces,

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Wickramasuriya noted that a bill will be presented in parliament in January giving the agency "authority" status, thus giving it significant political power. The Ambassador reviewed US observations about the reality of concluding an aid sharing deal with the LTTE. Alles confirmed that the coastal "buffer zone" would be relaxed significantly. The Ambassador praised this decision, but said it was important to move quickly on implementation. Alles will be a new contact for the Embassy, while Wickramasuriya is well known to us in his capacity as Chairman of the Board of Investment. Both are highly capable managers with strong reputations. The tasks confronting the new reconstruction agency, however, are significant, and will not wait for organizational charts and personnel shifts. The upcoming one year anniversary of the tsunami and implementation of the relaxation of buffer zone requirements will pose the agency's first major test. End Summary.

2. (SBU) On December 5, the Ambassador paid a courtesy call on the newly appointed chairman of the newly formed Sri Lankan Reconstruction and Development Agency, Tiran Alles, and Reconstruction and Development Agency COO-designate Saliya Wickramasuriya. The agency will assume all the duties currently held by the Task Force for Relief (TAFOR), the Task Force for Rebuilding the Nation (TAFREN), and the Ministry of Relief, Reconstruction and Rehabilitation (RRR). Alles, who is currently (and will remain) head of the Sri Lankan airport authority, and Wickramasuriya, who is immediate past Chairman of Sri Lanka's Board of Investment (BOI), told the Ambassador they had literally just come from a briefing on what their empire consisted of and were very much in the initial stages of setting up the new operation, including finding office space and determining which GSL ministries and agencies would come under their authority (the meeting took place in Alles' private office in the building that houses his private firm). While neither had much substance to share at this juncture, both expressed a strong desire to continue a close working relationship with the US on reconstruction issues, for both tsunami- and war-affected areas.

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3. (SBU) Alles gave the Ambassador a copy of the presidential decree that establishes the agency and names a board of directors. Wickramasuriya explained that a bill would be presented to parliament in January 2006 to give the new entity "authority" status, thus giving it fairly broad powers and control over Government agencies and operations. The authority would seem to be President Rajapakse's instrument to push more decisionmaking and operational arrangements to the local level (Note: Alles suggested that the agency would come under a newly formed Ministry of Nation-building and Development, which would be headed by the President. End Note). The President has previously blasted the tsunami reconstruction efforts in particular as being too "Colombo-centric." When the Ambassadors asked how the authority would move forward on establishing a joint GSL-LTTE aid distribution mechanism for the north-east (in place of the now defunct Post Tsunami Management Operating Structure (P-TOMS), aka the "Joint Mechanism"), Alles demurred, asking the Ambassador, "what would you suggest?"

4. (SBU) The Ambassador said that the situation had to be considered on two levels. On the political level, the political atmosphere is becoming more and more "poisoned." On the working-level, the LTTE and the working-level GSL agencies had been working well together. Whether those relationships are still fruitful is unclear. Whatever solution is adopted, however, it almost certainly will have to come from the bottom-up, as the current climate is not conducive to conclusion of an overarching agreement. The

Ambassador outlined US concerns about the LTTE and described the US Foreign Terrorist Organization designation process and consequences. He suggested that working with the LTTE is particularly difficult, because one always has to keep two contradictory ideas in mind: the LTTE's brutal, thuggish behavior on one hand and the fact that it exists as a reality on the ground that has to be dealt with. Often people want to go too far in one direction, suggesting that you either engage the LTTE and forgive all their wrongdoing, or that you don't deal with them at all because of the their terrorist activities. Neither is the right answer, but neither is a solution easily identifiable or implementable in the near term.

15. (SBU) The USAID Mission Director also attended and briefed Alles and Wickremasuriya about USAID post-tsunami assistance.

During this conversation, the Ambassador sought clarification about the status of the 100m/200m coastal conservation "buffer zone" that has created significant confusion and delays in the permanent housing rebuilding process, noting that the President had told him the buffer zone would be "relaxed." Alles said it would be relaxed considerably, but the final details were still to be worked out. Ambassador suggested that whatever is done, it was critical that the decision be broadcast as clearly as possible, as widely as possible, to ensure that interested parties are able to move ahead quickly.

16. (SBU) Comment: Alles has not previously been a main Embassy contact, though his work as Chairman of Airport Services has been positively highlighted recently as the airport has gone through a significant expansion and upgrade.

Alles is also rumored to be a close confidant of the President, and is reportedly a liaison with the LTTE (this is unconfirmed and he did not discuss it with the Ambassador during this meeting). Wickramasuriya is well and favorably known to the Embassy in his prior capacity as Chairman of the Board of Investment. He has a strong private sector background, having spent the bulk of his career with the petroleum giant Schlumberger. While having two such capable people at the helm should help the organization overall, there are numerous issues confronting the agency that need to be sorted out quickly. There will not be time for a top-down review and restructuring, while keeping its main work on hold. The implementation of a relaxed buffer zone policy and the first anniversary of the tsunami will prove major tests for the new agency in just its first few weeks of operation.

End Comment

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